Pension Fund Management Based on Solutions to Constrained Consumption-Investment Problems

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Resumé

We give an overview over a series of problems of expected utility optimization with constraints on consumption and/or wealth. Interpreting the constraints as contractually binding terms and solvency rules, problems and results are closely linked to the management of pension funds. The innovation is mainly contextual (pension fund management) and methodological (dynamic programming).

Key words: Strategic Asset Allocation; Dynamic Programming; Liability-Driven Investment; Solvency constraints.